

benefit ; it is a pleasant luxury, not a business necessity or a help to trade. Investors who are tempted to put money into these companies would do well to think twice before risking it in an enterprise that may prove to have been based more on fancy than certainty. One thing is dead certain, in the case of two towns of unequal size being so joined, the weaker one will go to the wall, as "shopping" is sure to be drawn to the larger place.

The Peculiar Position of U.S. Finances.

THE bonds last issued by the United States have declined seriously in price. Twenty millions of them were taken for investment, the balance of thirty millions were bought for re-sale. Of these, some 35 per cent. have been disposed of at a good profit. It is now announced that the movement to reform the currency has stopped the demand for these bonds. The U.S. is in a very singular financial position. The defective currency system compelled the issue of bonds in order to keep up the gold reserve in the Treasury to the legal requirement. It has failed to do this, as that reserve has fallen 52 millions, or 48 per cent., since the bonds have been issued, with a prospect of further decline. Yet, the effort of the government to reform these defective managements has discredited the bonds, apparently because they have failed to accomplish what they were issued for. They were made to keep the Treasury gold reserve up to \$100,000,000 ; they, at first, sent it much above that limit, but in a few weeks the old leak broke out again. The bond plug was not tight enough, it seems, so another issue was suggested as a re-inforcement of the first ; but, as any tyro in finance could have predicted, the prospect of this second issue, solely to cover up the failure of the first, discredited those that had failed to do the work they were made for. Borrowing money is like watering stock when it is done simply to meet financial pressure arising from confidence being weakened in the borrower. The more he borrows under such circumstances the more he depreciates the loans he has previously effected. Were the proposed reform in the currency of the United States to be carried out, one result would be to throw a large amount of national bonds on the market, the very chance of which has depreciated those recently issued. That market is already disturbed, as the enormous flux of gold demonstrates and as European advices show. The banks whose note issues are protected by a reserve of bonds are in an especially awkward position, for, if that form of so-called "reserve," which is an entire misnomer, be withdrawn, as is contemplated, the bonds must be sold, but such sale is practically impossible, certainly not possible without very serious loss, as already the bond market is glutted, so, what these banks hold as a security for the redemption of their note issues is a mass of practically inconvertible securities. While this trouble exists from a deficient supply of gold in the Treasury, its vaults are gorged with six hundred million dollars worth of silver, which can neither be used nor sold. The situation in the States is far from being bright with promise.

THE FUTURE OF AMERICAN LIFE INSURANCE.

Although the full returns from the various life insurance companies of the United States are not yet before the public, enough is known of the business of 1894 to show that, with very few exceptions, - and those not among the larger companies, - the amount of new insurance issued has been considerably less than the amount issued in 1893. The aggregate decrease is likely to be pretty large when full returns make accurate comparison possible. The interesting question is : What does this falling off in new business signify ? It may no doubt be partially explained by the widespread business depression of the country prevailing in 1893 and continuing through the year just closed. Thousands of men on moderate salaries, who believe in life insurance as a protection for the home, have either, by losing their positions or by reduction in salaries, simply been unable to take new insurance, which, under more favorable conditions, they would gladly have taken ; while many men controlling lines of business and ordinarily good subjects for increased insurance have had all they could do to keep their business above the failing point by the exercise of the most rigid retrenchment. For them, additional expense for insurance has been, or - what amounts to the same thing - was believed by them to have been, out of the question.

The cause named, however, does not adequately account for the large falling off in the business of the companies, for it is to be remembered that 1893, which was quite as bad a year for most people as 1894 has been, did not show any such shrinkage. It can scarcely be argued that the insuring public are dissatisfied with or tired of life insurance, for the demonstrated benefits, made more impressive with each succeeding year, and the good educational work going on year by year through an increasing army of wide-awake agents, have combined to make the value of this kind of protection better understood. Prejudices have in a great measure been removed, and, as a majority of agents in the field will testify, there has never been a time in the history of the business when subjects for insurance could be so easily persuaded to take policies as at the present time, provided the means to do so were not lacking.

We must look then to some other explanation of our query than that of hard times, pure and simple. That explanation we believe to be easily discovered, and that it constitutes one of the most hopeful signs for the safe future of American life insurance. This falling off in new business we think furnishes gratifying evidence that the managers of the companies have at last come to realize what their best friend, the insurance press, has for some time been telling them, viz., that the high-pressure methods which for four or five years have prevailed were full of danger for the future and a gross injustice to old policy-holders in the present. We need not recount the history of the rebate evil, and how it has been fostered by the companies through the giving of enormous commissions and bonuses, until, like the Old Man of the Sea astride